



The Advisor

for our Active members

A periodic publication of the Massachusetts Teachers' Retirement System as a service to its members

June 2016

2015 annual statements to mail in June

Be sure to watch your mailbox for this important financial document

Every year, the MTRS sends annual statements of account to all active and inactive members who have funds in their annuity savings accounts. In June, annual statements will be mailed to our over 90,000 active and 17,000 inactive members.

Your statement will reflect your personal data (name, address, beneficiary designation) as well as financial information regarding any activity in your account, the amounts of after-tax contributions, pre-tax contributions, interest and the total balance as of the end of 2015.

When you receive your statement, please be sure to take a few moments to review the data for accuracy and completeness. Also, if you have not yet designated a beneficiary—or you need to update your beneficiary information—be sure to download a *Beneficiary Designation—Active and Inactive Member* form from our website and then submit your completed form to us.

As a reminder, if, at any time during the year, you need a statement of your MTRS annuity savings account balance—for instance, as documentation for a mortgage application or for some other legal issue—you may request one at any time. Simply contact us by phone or e-mail, and we will gladly send you a letter with this information.

Does the balance in my annuity savings account figure into the determination of my retirement benefit?

No—the MTRS is a “defined benefit” plan, which means that your retirement benefit is calculated based on your age at the time of your retirement, your years of creditable service, and your highest three-year salary average (Tier 1 members) or five-year salary average (Tier 2 members). Unlike with a “defined contribution” plan, such as a 401(k), or an IRA, your retirement benefit is not a return on what you put into your annuity account.

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MTRS-filed legislation sees favor in legislature

H20 nears Senate consideration pending final House vote

The MTRS bill, H20, *An Act related to the forfeiture of pension upon conviction of child pornography and other offenses*, received a favorable report from the Joint Committee on Public Service on November 30, 2015 and has been subsequently reported favorably by the House Steering, Policy and Scheduling Committee and it is now one vote away from being passed by the entire House of Representatives. If passed by the House, the bill would move to the Senate for their consideration.

The MTRS holds the position, which to us seems self-evident, that the conviction of a teacher for possession of child pornography “involves” the position of teacher, and should trigger forfeiture under the law. We reasoned that any conviction that shows a teacher’s desire to exploit children in such a despicable manner, even if that exploitation

occurred “off duty,” is inconsistent with the professional standards of a teacher, and the special obligation that all teachers have to protect children, and act only in their best interests. There could be no doubt that a conviction for possession of child pornography would constitute “misconduct in office” and would trigger revocation of that teacher’s license and be a valid basis for termination of employment. Unfortunately, the Supreme Judicial Court disagreed with us in *Garney v. MTRS*, 469 Mass. 384 (2014).

The Board is aware that the vast, vast majority of the teachers in the Commonwealth do not breach this special public trust and are no doubt appalled at the notion that a small number do. Although this affects very few of our members, the Board felt that even one case was unacceptable and for that reason filed H20.



Jeff Wulfson, Chairman

BOARD MEMBERS

Jeff Wulfson
Chairman, Designee of the
Commissioner of Elementary
and Secondary Education

Deborah B. Goldberg
State Treasurer

Suzanne M. Bump
State Auditor

Dennis J. Naughton
Elected by the Membership

Jacqueline A. Gorrie
Elected by the Membership

Richard L. Liston
Appointed by the Board

Anne Wass
Appointed by the Governor

ADMINISTRATION

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Executive Director

Sean P. Neilon
Assistant Executive Director

Jonathan Osimo
Assistant Executive Director

James H. Salvie
General Counsel

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mass.gov/mtrs

FROM THE CHAIRMAN

The MTRS Board: What we do

Working to administer the system in a reasoned and impartial manner

The seven members of the Teachers' Retirement Board have a variety of

responsibilities. We appoint and evaluate the executive director, monitor the system's performance, set the budget, and promulgate regulations. Each month we're also called upon to make decisions that affect the benefits of individual members, whether it be for disabilities, involuntary terminations, excess retirement earnings, or other situations.

Among the most difficult cases are those where a member has been convicted of a crime. If we determine that the crime was connected to the member's teaching position, we are required by law to forfeit the pension. Fortunately, those cases are rare!

"Whenever a member comes before the Board, we make every effort to treat him or her with dignity, compassion, and fairness."

Whenever a member comes before the Board, we make every effort to treat him or

her with dignity, compassion, and fairness. At the same time, we have an obligation, to all who depend on MTRS, to carry out the law and administer the system in a reasoned and impartial manner. Four of your Board members are career educators, and their years of experience in our public schools help us to make these difficult decisions. I hope we are doing so in a way that earns your trust.

Best wishes from the entire Board to all of you for a healthy and happy summer!

Jeff Wulfson, Chairman

Stay up to date on retirement issues—

Have retirement updates delivered right to your Inbox when you **join our e-mail list!**

Just give us your e-mail address and you'll get advance notice of upcoming seminars, important announcements and retirement news delivered right to your Inbox. It's easy!

- 1) Go to mass.gov/mtrs.
- 2) Click on **Join our e-mail list** in the right margin.
- 3) Complete the simple online form with your MTRS member status (active or inactive), name and your e-mail address.
- 4) Watch your e-mail for periodic updates!

New e-mail address? No problem—just send your old and new addresses to us at geninfo@trb.state.ma.us and we'll update our records so that you don't miss any updates!



Incumbent Naughton and Jackie Gorrie elected

Richard Liston reappointed as board-selected member

Last fall, we conducted an election for the two seats on the Board that are held by active or retired members of the MTRS. Thank you to all of the candidates and everyone who voted in this important election!



Dennis Naughton, Elected Member

Dennis Naughton was first elected to the Board in December 2011. He began his career as a public school educator in the Millis Public Schools in 1968, where he served as

a high school social studies teacher for 33 years, as well as social studies department head, golf coach, and, from 2001 until his retirement in 2004, principal.

Mr. Naughton is actively involved as a retired life member of the Massachusetts Teachers Association and the National Educational Association. He holds an A.B. in History from Saint Anselm College and an M.A.T. in History from Assumption College. Mr. Naughton is currently in his second four-year term as the board-elected representative to the Pension Reserves Investment Management (PRIM) Board.



Jackie Gorrie, Elected Member

Jacqueline Gorrie was elected to the Board in December of 2015. Jackie began and ended her 36-year teaching career in the Taunton Public Schools, where she served as a second

grade teacher and a kindergarten teacher.

Jackie advocated for her profession and her students throughout her career, and held many leadership roles within her union. Locally, she served as the Public Relations and Political Action Chairperson, the Secretary, Vice President/ Grievance Chairperson and President of the Taunton

Education Association. Her community activism led to state and national roles on the board of directors of the Massachusetts Teachers Association and, subsequently, the National Education Association.

Currently, Jackie represents retired members of the Massachusetts Teachers Association on the MTA Board of Directors and is a member of the MTA Retired Members Committee.



Richard Liston, Board Appointee

Richard Liston was reappointed to a four-year term in November of 2015. Originally appointed to the Board in January 2012, Mr. Liston was a special education teacher

in the Everett Public Schools for 40 years and served as the president of the Everett Teachers Association for 27 years.

He currently represents retired members of the Massachusetts Teachers Association on the MTA Board and is co-chair of the MTA Retired Members Committee. Mr. Liston holds a B.A. and M.A. in special education from Fitchburg State University.



Thanks and farewell to Karen Mitchell!

After serving on the Board for two four-year terms, Karen Mitchell decided to not seek re-election. The MTRS is very

grateful for Ms. Mitchell's service to the educators of Massachusetts and we wish her the very best in her retirement!

About the Board

The Board is composed of seven members: the State Treasurer, or her designee; the Auditor of the Commonwealth, or her designee; two members who are elected by the active and retired members of the system; one member—who must be a retired teacher—who is appointed by the Governor; one member who is chosen by the vote of the other six; and the last member and the Board's chairperson is the Commissioner of Elementary and Secondary Education, or his designee.

The Board votes on every disability retirement allowance, investigates all claims for accidental and ordinary disabilities, establishes the rules and regulations of the agency, and oversees the dissemination of services and information to its membership of more than 90,000 active educators and 62,000 retirees and survivors.

For more information about the Board and its members, visit our website at mass.gov/mtrs



The MTRS in 2016

Who we are...

A profile of our membership

Who we are...

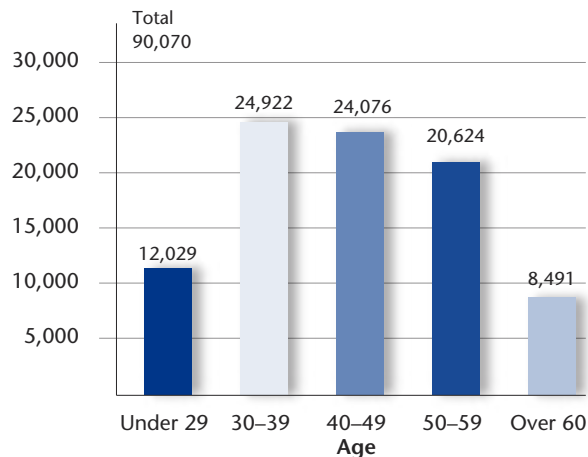
Active members

- Average **salary** . . . \$68,883
- Average **age** . . . 43.8 years
- Average **service** . . 12.9 years
- Total member compensation . . \$6.2 billion
- Employee contributions . . \$620 million

Retired members

- Average **annual benefit** . . . \$43,761
- Average **age** . . . 71.3 years
- Total **benefits paid** . . \$2.626 billion

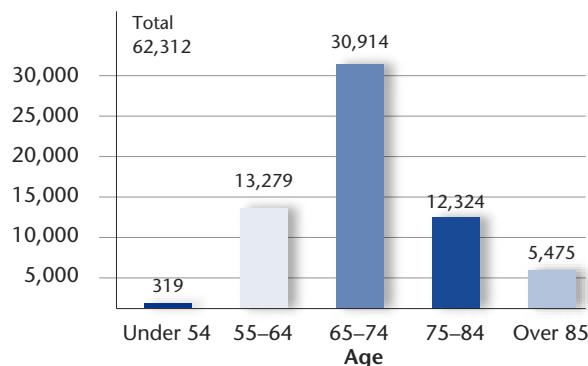
Our active members, by age



In 2004, the ratio of active members to retirees was 5:2, meaning there were five active members for every two retirees.

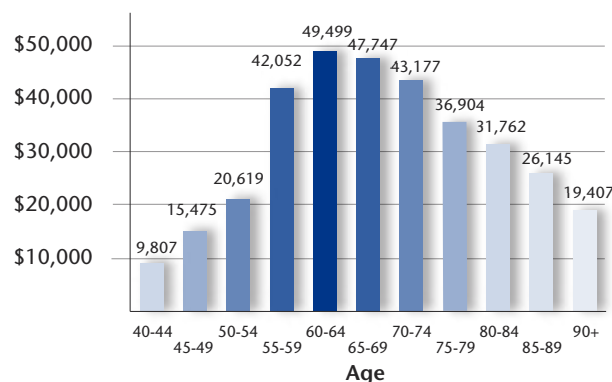
Since 2012, the ratio has been 3:2, or three active members for every two retirees.

Our retired members, by age



This population has never been greater, with the number of older retirees continuing to grow—including 2,213 now age 90 or over.

Current average benefits by age



While the average benefit by age will vary from year to year based on the ages of new retirees, it has steadily increased over the years, as evidenced by a right-to-left reading of the bar graph.

Source: Public Employee Retirement Administration Commission's 2015 Actuarial Valuation of the Massachusetts Teachers' Retirement System, <http://www.mass.gov/perac/docs/forms-pub/reports/valuation-reports/teachersval15.pdf>

...and where we stand

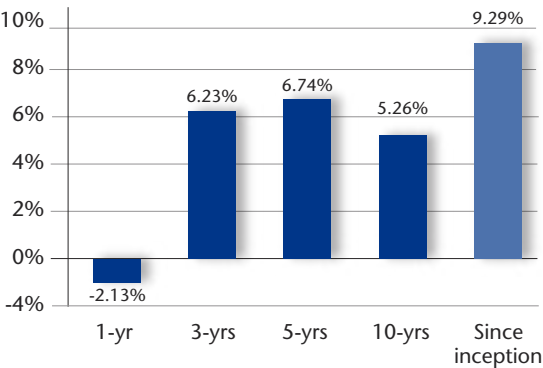
Our funding status

As of January 31, 2016, MTRS assets at \$23.62 billion

The assets of the MTRS held in the Pension Reserves Investment Trust (PRIT) reached \$23.62 billion as of January 31, 2016. The one-year investment return was -2.13%, the three-year return was 6.25%, and the five-year return was 6.74%. The actuarial assumed investment rate of return is currently 7.75%.

The PRIT assets are managed by the nine-member Pension Reserves Investment Management (PRIM) Board, which is chaired by State Treasurer and MTRS Board member Deborah Goldberg. Also serving on the Board and representing the interests of the teachers' retirement system are MTRS Board member Dennis Naughton and retiree Robert Brousseau, who is in his twenty-ninth year on the PRIM Board. Michael G. Trotsky, CFA is the Executive Director of the PRIM Board.

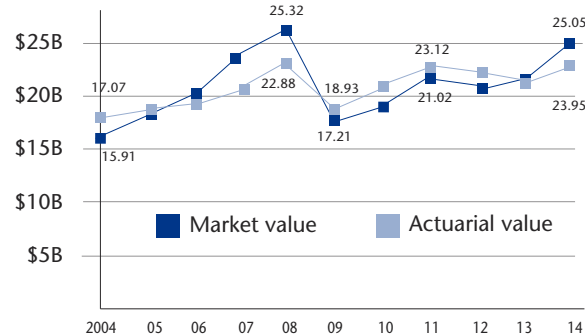
PRIT core fund performance



As of January 31, 2016

The Legislature and State Actuary have set 7.75 percent as the pension fund's long-term rate of return target. The system has averaged 5.26 percent over the past 10 years, and **9.29 percent** since its inception in January 1985.

MTRS asset value



The actuarial value of assets is determined via "smoothing" of the market value over a period of five years.

Where we stand...

As of January 1, 2015*

- Percent funded 54.3%
- Unfunded liability \$20.1 billion
- Year fully funded 2036

The Teachers' Retirement System's assets are invested by the Pension Reserves Investment Management (PRIM) Board. As of January 31, 2016, our System's assets of \$23.62 billion were invested as follows:

- Global equities 40.9%
- Private equities 11.3%
- Fixed income 22.5%
- Real estate 10.2%
- Timber 3.4%
- Hedge funds 9.2%
- Alternative investments 2.2%

**The next valuation, effective 1/1/2016, is expected to be complete by the fall of 2016.*

For more information about the PRIM Board and the PRIT Fund, visit PRIM's website at mapension.com



Find out what members said about “Your MTRS Benefits” retirement seminars!

We asked, you answered!

As part of our ongoing efforts to help our members understand their retirement benefits, the MTRS holds educational programs throughout the Commonwealth. During the spring 2016 season of “Your MTRS Benefits,” we held seminars in our Cambridge office and also visited South Yarmouth, Norton, Northampton, Ludlow, Hanover, Auburn, Woburn, and Beverly.

During this season, we were able to help a record-setting 2,100 members gain a better understanding of their retirement benefits—and we are very happy to say that this year’s programs were a success!

“I found myself saying ‘I didn’t know that’ several times. Now I know!”

“I have gained a better understanding of the retirement process, and now feel more comfortable trying to figure out my retirement plans.”

“Excellent presentation, excellent presenter and materials!”

But don’t just take our word for it!

According to our surveys, nearly 99% of attendees rated our seminars in the good to excellent category, with over 99% saying they’d recommend the program to their peers.

Service purchase backlog reduced by 53% since April 2015

The MTRS thanks you for your patience during these extraordinary circumstances!

We are pleased to announce that as of April 2016 the number of outstanding service purchase requests stood at 2,923—nearly a 53% decrease from April 2015, and nearly an 82% reduction from the high of 16,498 outstanding applications in 2013.

As you may recall, Chapter 176 of the Acts of 2011 introduced many changes to how our system functions, one of the most significant was an increase in the interest rate for most service purchases and refund buybacks. It was this increase that led many members to seek a service purchase before the interest rate increased. The result of this was a 400% increase in the amount of applications usually received.

Our staff has been working nonstop to review your applications as quickly as possible, and we will continue to work hard at reducing that number even more. We greatly appreciate your patience over the last four years.

Retiring soon? If you are retiring within the next four to six months and you have one or more service purchase applications currently pending with us, please let us know so that we may give your service purchase requests priority.

Please be assured that we remain committed to processing all requests as expeditiously as possible.

Are you—or someone you know—entitled to unclaimed funds?

If you are:

- the executor or executrix, or
- the survivor or beneficiary

of a deceased MTRS member or benefit recipient, and neither you nor the member’s estate has received a “final payment” of the deceased member’s retirement benefit, **the MTRS may have unclaimed funds on account for you.**



Since September 2007, the MTRS has returned a total of \$669,756.01 to 188 different estates and beneficiaries of deceased members.

To view our unclaimed funds list, visit mass.gov/mtrs

Planning to retire soon?

Don't wait until the last minute—use our checklist so you'll be ready

Are you thinking about retiring soon, but can't quite figure out what to do and when? Use this handy checklist to keep you on track as your retirement date approaches!



Your retirement process checklist

When (in relation to your date of retirement)	Action
<input type="checkbox"/> One year before	CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired <i>and</i> in the event of your death.
<input type="checkbox"/> 7-8 months before	GO to our website at mass.gov/mtrs , and select Active and inactive members > Creditable service . Review all of the types of service listed and apply to purchase any that apply to you and for which you have not yet established credit.
<input type="checkbox"/> 6 months before	GO to our website at mass.gov/mtrs , and, in the "Quick links to popular pages" menu, select "Apply for retirement." Follow the steps to estimate your benefits, review FAQ and download and print your retirement application. If you have any pending creditable service purchases, request invoices from us and be sure to tell us that you are retiring.
<input type="checkbox"/> 5 months before	COMPLETE Part 1 of the application* and ask your payroll official to complete Part 2. GATHER all necessary documents listed on the application cover sheet.
<input type="checkbox"/> 4 months before	RECEIVE Part 2 from your payroll official and MAIL the complete application and all attachments to the MTRS. Be sure to make a copy of the completed application and all attachments for your records. Be sure to have COMPLETED all service purchases. Full payment must be received before your date of retirement. Remind your local health insurance coordinator that you are retiring, and complete any necessary insurance paperwork

Questions? Check out our resources online!
mass.gov/mtrs

Retirement is a major life change, and often an emotional and confusing time.

Prepare now, so that the process is less stressful.

*As you will see, on the application, you are asked to list all of your creditable service and provide your "best estimate" of your total number of years.

Please note that it is NOT necessary for you to request a "creditable service letter" from the MTRS in order to complete your application. When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.